

BUDGET POLICES AND PROCESSES

FINANCIAL POLICIES AND GOALS

The goal the city hopes to achieve through the implementation of these policies is to demonstrate to citizens and other interested parties that the city takes seriously the responsibility to carefully account for public funds, to wisely manage finances and to plan adequate funding of services desired by our citizens. The watchwords of our financial management include integrity, prudence, stewardship, planning, accountability, and full disclosure.

Operating Budget Policies

- The budget for each governmental fund will be balanced, which means appropriations will not exceed estimated expendable revenue, exclusive of one-time expenditures or capital improvement transfers.
- The city will cover current expenditures with current revenues. The city will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures.
- The budget will provide for adequate maintenance of capital facilities and for the orderly replacement of equipment.
- The city will maintain a checks and balances system of verifying budget balances prior to making spending commitments.
- The city will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.
- Where possible the city will integrate performance measurement and productivity indicators within the budget.

Capital Projects Budget Policies

- The city will develop and administer a five year plan for capital projects and informally update it annually or track compliance to plan annually.
- The city will enact an annual capital budget calculated to meet the multi-year Capital Improvement Plan. (The City is not currently meeting the requirements of this plan).
- The city will coordinate development of the capital project budget with the operating budget. Future operating costs associated with new capital projects will be projected and included in operating budgets.
- The city will prioritize maintenance of all assets at a level adequate to protect the city's capital investment and to minimize future maintenance and replacement costs.
- The estimated cost and potential funding sources for each capital project proposal will be identified before it is submitted to the Mayor and City Council for approval.
- The city will identify the least costly financing method for all new capital projects.

Debt Management Policies

- The city will confine long-term borrowing to capital projects and purchases of equipment.
- When the city finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the expected useful life of the asset acquired.
- The city will not use long-term debt for current operations.
- The city will meet all debt service obligations when due.
- The city will retire any tax and revenue anticipation debt annually.

Revenue Estimation Policies

- The city budget official will estimate annual revenues by an objective, analytical process. The city will not include revenue in the budget that cannot be verified with documentation of its source and amount.

Fund Balance Policy

- In order to maintain and protect the long term financial capacity of the city, total fund balance in the General Fund will be maintained to achieve a balance of 6% of total General Fund expenditures.

Accounting, Auditing, and Financial Reporting Policies

- The accounting system will report financial information on a basis consistent with Generally Accepted Accounting Principles.
- Regular monthly and annual financial reports will present a summary of financial activity to the city council and citizens.
- The City will contract with an independent certified public accounting firm to perform an annual audit; and will publicly issue their opinion on the city's financial statements, after preliminary presentation to the City Audit Committee.

FUND BALANCE

The City reports the difference between assets and liabilities in governmental funds as fund balance and further segregates fund balance as nonspendable, restricted, committed, assigned and unassigned. Unassigned fund balance in governmental funds is the City's measure of current available financial resources.

BASIS OF MEASURING AVAILABLE REVENUE AND EXPENDITURES (BUDGET BASIS)**Governmental Funds**

Transactions or events may take place in one fiscal year and result in cash receipts or payments in either the same fiscal year or another fiscal year. Accounting for and reporting a transaction in the fiscal year when a cash receipt or payment is made is called cash basis accounting. Accounting for the transaction in the fiscal year when the event takes place regardless of when cash is received or payment is made is called accrual or accrual basis of accounting. The city recognizes revenue and expenditures for both budgeting and audited financial reporting purposes in the fiscal year when the underlying event takes place. This would generally be described as an accrual measurement basis. However, there are some exceptions to this general accrual measurement basis, and when these exceptions are considered the budgetary basis for the governmental fund is called the Modified Accrual Basis of Accounting. The exceptions to the accrual basis are as follows:

Revenue

The City includes in available revenue only revenue that will be collected in cash within ninety days following the close of the fiscal year, if it was recognizable as of fiscal year end, and in the case of property tax revenue only revenue that will be collected within 60 days of the close of the fiscal year.

Expenditures

The City includes Interest on long term debt as an expenditure in the year it is payable. Also, payments that will not be made within one year following the close of the fiscal year are not included in expenditures because of the current resources focus of these governmental funds.

The City does not include depreciation of its long term physical assets used in activities of the governmental funds as an expenditure of the funds. Purchases of long term physical assets are included as budgeted expenditures in the year purchased.

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Proprietary Fund

In its proprietary fund, the Employee Benefits Fund (an Internal Service Fund) the city's budget measurement basis is accrual with no modifications.

DEBT AND DEBT LIMITS

DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

No long-term general obligation debt shall be created by any city unless the proposition to create such debt shall have been submitted to a vote of qualified electors. Cities shall not contract for debt in an amount exceeding four percent of the fair market value of taxable property in their jurisdictions. For the period ended June 30, 2014, the City had no outstanding general obligation debt.

Other Long-term Debt

Cities may incur indebtedness for the purpose of supplying such city water, sewer, or electricity when such public works are owned and controlled by the municipality. The additional indebtedness shall not exceed four percent for first and second class cities and eight percent for third class cities of the fair market value of taxable property in their jurisdictions.

The City will issue its first long-term debt in June, 2014. This issue is a sales and use tax revenue bond for the purpose of constructing a City Municipal Center that will include, City Hall, a Police Office, and Civic spaces both inside and outside the structure.

The city's legal debt limit is 4% of the fair market value of its taxable property and is estimated to be \$104.01 million.

LONG-TERM DEBT

The reporting entity's long-term debt consists of capital leases and accrued employee benefits to be repaid from governmental activities.

As of June 30, 2013, the City had long-term debt payable from general fund resources consisting of the following:

The City has entered into a lease agreement as lessee for the purchase of Police vehicles. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of all future lease payments as of the inception date.

Zions Bank - Police Vehicles

1.64%, (07/17/12 original amount \$1,142,503)	\$ 1,142,503
	<u>\$ 1,142,503</u>

As of June 30, 2013 the City had proprietary fund long-term debt payable as follows:

Employee Benefit Fund (an Internal Service Fund):

Paid Time Off - Future PTO Liability	\$ 316,030
Total proprietary fund debt	<u>316,030</u>
Total governmental activity debt	<u>\$ 1,458,533</u>

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the period ended June 30, 2013:

Type of Debt	June 30, 2012	Additions	Reductions	June 30, 2012	One Year
Capital leases	\$ 729,090	\$ 1,142,503	\$ (729,090)	\$ 1,142,503	\$ 308,185
Emp Benefit Fund-PTO *	249,336	82,959	(16,264)	316,030	-
Total Long Term Debt	<u>\$ 978,426</u>	<u>\$ 1,225,462</u>	<u>\$ (745,354)</u>	<u>\$ 1,458,533</u>	<u>\$ 308,185</u>

* Annual calculation of vested paid time off available, net total by department. Reductions are due to gross payouts of accrued leave by retiring employees.

Annual Debt Service Requirements

The annual debt service requirements to maturity for governmental long-term debt principal and interest as of June 30, 2013, are as follows:

Governmental Activities			
Year Ended June 30	Principle	Interest	Total
2014	308,185	18,737	\$ 326,922
2015	834,317	13,684	848,000
Thereafter	-	-	-
Total	<u>\$ 1,142,503</u>	<u>\$ 32,421</u>	<u>\$ 1,174,922</u>

FUND STRUCTURE AND SYSTEM OF CLASSIFYING REVENUE AND EXPENDITURES

Fund Structure

All of the financial activity of the city is segregated into various funds. A fund is a fiscal and accounting entity; it is in substance an accounting segregation of financial resources each with cash and other assets, liabilities, and residual equity or balance. Generally Accepted Accounting Principles (GAAP) and the State Auditor's Office have defined and classified funds used by all governments in

the state. The city follows these fund definitions and have funds classified in two of the three standard categories; those two categories are called Governmental Funds and Proprietary Funds. The General Fund and the Capital Projects Fund are Governmental Funds and the Employee Benefit Fund (An Internal Service Fund) is a Proprietary Fund.

The General Fund accounts for resources that are not required to be accounted for in any other fund. This fund accounts for the resources used to finance the daily operations of the city, including federal and state grants. Expenditures from this fund must be legally appropriated through the budget process annually.

The Capital Projects Fund accounts for resources used to renew, replace, and build new capital facilities and infrastructure in the City. Expenditures from this fund must be legally appropriated through the budget process.

The Employee Benefits Fund (An Internal Service Fund) is used to accumulate funds to pay for paid time off. The City Council is not legally required to formally approve appropriations in this fund.

System of Classifying Revenue and Expenditures

Revenues of the city are classified by fund, source, organizational unit, and program. Revenue is grouped into six divisions: Taxes, Licenses and Permits, Intergovernmental, Charges for Services, Fines and Forfeitures, and Miscellaneous. Expenditures are classified by fund, function or purpose, object or character, and program.

Capital expenditures are expenditures for capital assets. Capital assets consist of land, improvements to land, easements, buildings and improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations or provided to citizens and that have initial useful lives extending beyond a single reporting period. Capital expenditures may be made in either the General Fund or the Capital Projects Fund.

BUDGET DEVELOPMENT AND ADMINISTRATION PROCESS

In an effort to maximize the ability of both the City Council and the City Manager to effectively perform their statutory responsibilities, it has become a Cottonwood Heights' tradition for both entities, along with members of the City Manager's executive team, to participate in a planning retreat for the purpose of setting goals on which to focus for the coming budget year which begins each year on July 1. These goals serve as the foundation for preparing the budget for the fiscal year.

These goals, along with measureable objectives for accomplishment are found within each department/division section of this budget document. These goals are established in conjunction with stated objectives of other strategic and long range planning processes such as the Transportation Management Master Plan, Storm Water Management Master Plans, Economic Development Study, City General Plan, etc.

The budget setting process begins midway through the current fiscal year. The Mayor and Council first identify needs and issues and alternative strategies to address the identified issues and needs. Simultaneously, the City Manager and Department Heads conduct the same analysis.

The objective is to determine goals that will be used to prioritize the allocation of scarce resources throughout the budget process. The primary product is the development of the city goals for the

coming fiscal year. Some of these goals are refinements of continuing goals and some are new and address current needs and issues. The goals were presented beginning on page 66.

The following are tasks that must be completed during the last half of the City's fiscal year to develop and approve the budget document. The Council solicits public comment and input at the beginning of every business meeting, and when the budget is discussed it is an opportunity for citizen comment regarding the budget. Agendas notifying the public of such meetings are published throughout the community and on the city website where citizens may request agendas be sent to them automatically, by electronic means, before each meeting.

JANUARY/FEBRUARY

Goal setting and budget planning retreat held in late January or early February with the Mayor, City Council, City Manager and department directors.

Before the March 4th city council meeting a review is conducted by the budget officer with the City Manager and Department Heads regarding the current fiscal year budget, department goals and budget estimates for the FY2015 budget year. This also begins the final planning process for the capital expenditures portion of the new budget.

MARCH

Department directors and the City Manager meet weekly and refine the budget proposal.

APRIL

Department directors and the City Manager meet weekly and refine the budget proposal.

MAY

In the first regularly scheduled business meeting on May 13th the proposed budget is presented to the Mayor and City Council. The budget is adopted on May 13th as the tentative budget. They are asked to establish the time (May 27th at 7:00 PM) and place (Cottonwood Heights Council Chambers, 1265 Fort Union Blvd #300) for a public hearing prior to considering its adoption.

JUNE

Arrange to have published (at least seven days prior to the hearing date) in a daily newspaper, the notice of a public hearing to consider revising the current year budget and adopting the FY2015 budget.

The tentative budget is on file at the city offices and on the city's web site for public inspection until the June 17th meeting, at which time the City Council adopts the final budget and sets the final property tax rate.

The Mayor and City Council passes a resolution adopting the budgets and sets the property tax rate for the 2014 calendar year which provides the revenue for the 2015 fiscal year budget.

BUDGET CONTROL AND MANAGEMENT

All appropriations in this budget are assigned to a staff member for control and management. The information system provides monthly reports used by each person assigned to an appropriation to know what has been charged to "their" budget and the balance available. Department heads may reallocate appropriations for their departments with the approval of the Budget Officer.



Appropriation changes between the various departments may be accomplished with the approval of the City Council. Any increase in total appropriations for each fund must be approved by the City Council after proper notice to the citizens and a public hearing.



VISION

MISSION

VALUES

GOALS

OUR Vision

"The elected and appointed officials of Cottonwood Heights are committed to creating the best city in Utah in which to live, work, recreate and do business. We envision the city as a well-maintained, safe, family-friendly community that embraces the natural beauty and open space of its surroundings while encouraging an appropriate balance of residential and commercial development"

FOUR-STEP STRATEGIC PLANNING PROCESS

DETERMINE OUR MISSION

- Why are we here?
- What is our purpose?

DEFINE OUR CORE VALUES

- How will we conduct ourselves and our business?

PERFORM INTERNAL & EXTERNAL ASSESSMENT

- What are the challenges to meeting our mission?

DEVELOP THE PLAN- GOALS AND OBJECTIVES

- What is our plan?
- What do we commit to do?
- How do we achieve it?

DETERMINE OUR MISSION

- Why are we here?
- What is our purpose?

Every action an effective, efficient organization takes should be in concert with its mission and core values.

The mission and core values of Cottonwood Heights will serve as the foundation governing how our city conducts its business.

The creation of a strategic plan cannot occur without first discussing and establishing a clear mission and set of core values.

MISSION STATEMENT

To maximize the quality of life for residents and facilitate the opportunity for success of compatible businesses in the city



DETERMINE OUR MISSION

- Why are we here?
- What is our purpose?

Quality of Life

Quality of life is defined as:

Promoting open, responsive and participatory governance
Improving the quality, effectiveness, availability and efficiency of governmental services
Analyzing new ideas and encouraging creativity and innovation
Managing tax dollars through responsible budgeting
Encouraging citizen involvement
Espousing professionalism, integrity and ethical actions on the part of elected and appointed officials, employees, and volunteers
Respecting property rights of both residential and commercial property owners and striving to achieve proper balance between land uses within the constraints of applicable law

Quality of Life is measured by:

- (1) Promoting and emphasizing an attitude of pleasantly assisting all customers and satisfactorily "resolving the issue" for the customer
- (2) Providing effective, clear communications to constituents
- (3) Placing greater emphasis on emergency preparedness planning
- (4) Developing programs and plans to maximize the beneficial impact of planning, capital improvements and open space, parks, trails, and beautification
- (5) Implementing sound financial planning that contemplates future budgeting requirements
- (6) Recognizing the importance of a strong and vibrant business community

Facilitate Opportunity

Facilitate opportunity is defined as:

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Respecting property rights of both residential and commercial property owners and striving to achieve proper balance between land uses within the constraints of applicable law

Facilitate opportunity is measured by:

- (1) Promoting and emphasizing an attitude of pleasantly assisting all customers and satisfactorily "resolving the issue" for the customer
- (2) Providing effective, clear communications to constituents
- (3) Fostering and creating partnerships with other Governmental agencies
- (4) Developing programs and plans to maximize the beneficial impact of planning, capital improvements and open space, parks, trails, and beautification
- (5) Implementing sound financial planning that contemplates future budgeting requirements
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Success

Success is defined as:

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Respecting property rights of both residential and commercial property owners and striving to achieve proper balance between land uses within the constraints of applicable law

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- (7) Recognizing the importance of a strong and vibrant business community

DEFINE OUR CORE VALUES

- How will we conduct ourselves and our business?

Core values add clarity to who we are and guides our business practices and personal relationships. They are consistent and unwavering. They are not subject to negotiation.



As the keystone of our city, public service determines our strength. Public service means placing the public good ahead of oneself. To the employees of Cottonwood Heights it means acting honestly, being open and transparent, and trustworthy. It means treating every citizen with fairness, respect, and dignity. It means we recognize that all citizens are entitled to public services regardless of income, race, ethnic background, gender preference or religious affiliation. It means we accept responsibility for our actions. It means using our creative “juices” to constantly improve our service. Excellence is our game plan.

All employees of Cottonwood Heights commit to conduct ourselves in the following ways:

- We will treat all people with respect and dignity at all times
- We will smile when greeting people, maintain positive eye contact, and offer assistance
- We will listen. When citizens have concerns or issues, we will not be defensive. We will show understanding, give alternatives, and do all we can to assist in finding solutions
- We will respond quickly. We will say what we CAN do, not what we can’t do
- When we receive a complaint, we will own the complaint. If we can’t help, we will find someone who can. We will solve the problem.
- We will escort visitors to the right location rather than pointing out directions
- We will create a positive work environment, practice teamwork, and respect and support our co-workers
- We will be an ambassador for the City in and outside of the workplace
- We will answer a citizen’s inquiries by being knowledgeable of the City, our ordinances, and current plans
- We will maintain a professional image and will act accordingly

**PERFORM
INTERNAL & EXTERNAL
ASSESSMENT**

- What are the challenges to meeting our mission?

The internal and external assessment is an honest self-reflection of our organization. Only through a careful analysis of our strengths, weaknesses, opportunities, and threats (SWOT) can we develop meaningful goals and objectives that will take our organization to the next level of performance.

INTERNAL	EXTERNAL
<ul style="list-style-type: none"> ➤ Operating ➤ Capital ➤ Workforce 	<ul style="list-style-type: none"> ➤ Community ➤ Relative to others in Salt Lake County, the State of Utah, and the USA

INTERNAL - OPERATING

Strengths

- (1) Maintaining levels of service
- (2) Social media
- (3) Transparency
- (4) Utilizing partnerships for service delivery
- (5) Customer service
- (6) Ability to seek and secure grant funding for one time needs
- (7) Relationship building with business community
- (8) Recognition and awards received

Weaknesses

- (1) Technology
- (2) Website
- (3) Dependence on oil based products-price volatility
- (4) Expenses outpacing revenues
- (5) Limited sources of revenue
- (6) Pressure to do more with less
- (7) Health care costs
- (8) Retirement costs

Opportunities

- (1) Technology-social media, website e-commerce
- (2) Public-private partnerships
- (3) Fuel efficiency technology

Threats

- (1) Failure to control, reduce health care costs-may reduce operational efficiency
- (2) State mandated increased retirement contributions may burden the general fund budget
- (3) Increased "boutique" service provision may delay delivery of services citywide
- (4) Reduced state and federal resources may impact enhanced services delivery, particularly in public safety
- (5) Unfunded state and federal mandates may erode resources used for other programs

**PERFORM
INTERNAL & EXTERNAL
ASSESSMENT**

- What are the challenges to meeting our mission?

INTERNAL - CAPITAL

Strengths

- (1) Infrastructure in generally good condition
- (2) Investment in community meeting facility as expanded Butler Middle School Auditorium
- (3) Mountview Park
- (4) Police vehicle lease/sell back program
- (5) Water and Sewer infrastructure owned and maintained by Salt Lake City, not Cottonwood Heights
- (6) Refuse collection equipment owned and maintained by Salt Lake Valley Waste and Recycling, not Cottonwood Heights
- (7) Relationship with Cottonwood Heights Parks and Recreation Service Area is strong and cooperative
- (8) Public-Private partnerships for delivery of capital improvement services

Weaknesses

- (1) No dedicated funding source for future capital replacement and development
- (2) Cost for repair and maintenance of capital facilities outpacing growth in revenue to pay for such
- (3) Storm drain identification-improving but not able to camera identify condition of all locations
- (4) Funds spent on "boutique" projects reduces ability to keep up with other demands
- (5) Open space available for development of City Hall is extremely limited

Opportunities

- (1) Leveraging federal, state, county, and local funds for infrastructure improvements and development
- (2) Public-private partnerships
- (3) Partnerships with other public entities for sharing facilities or land

Threats

- (1) Failure to address aging infrastructure may erode service levels and public confidence in its government
- (2) Failure to identify and repair trip hazards may increase cost of insurance premiums
- (3) Increased "boutique" service provision may delay delivery of services citywide
- (4) Reduced state and federal resources may impact funds available for infrastructure improvements
- (5) Unfunded state and federal mandates (such as "Buy America" requirements may erode resources used for other programs

INTERNAL - WORKFORCE

Strengths

- (1) Dedicated, committed employees
- (2) Talent at key positions

- (3) Competitive pay and benefits
- (4) Flexible and responsive
- (5) Very low turnover
- (6) Celebration of successes

Weaknesses

- (1) No succession plan
- (2) Weak system of recognizing exemplary service

Opportunities

- (1) Be competitive with pay and benefits
- (2) Develop resiliency through the filling of key positions
- (3) Expanded recruitment locations

Threats

- (1) Failure to develop our workforce may weaken retention and weaken the quality of our services
- (2) Failure to stay competitive with compensation and benefits may damage retention and recruitment efforts and weaken service delivery or prevent the organization from achieving greater service delivery
- (3) Not doing enough to instill in our employees the vision, mission, values and goals of the City. Not promoting adequately the value of public service may strain growth in performance
- (4) Failure to address the increased cost of benefits will weaken service delivery

EXTERNAL - COMMUNITY

Strengths

- (1) Indicators say citizens are generally satisfied with the City government
- (2) Community engagement
- (3) Business development, expansion and retention strategy
- (4) Quality schools, staff and engaged parents
- (5) Cottonwood Heights is a very desirable place to live, own a business, and visit
- (6) Incident response and management
- (7) Citizens feel safe
- (8) Butlerville Days celebration
- (9) Community enjoys parks, recreational opportunities and proximity to world class summer and winter sports facilities and venues
- (10) Emergency preparedness

Weaknesses

- (1) Transportation network-lack of mass transit opportunities and canyon parking
- (2) Few opportunities to experience the arts
- (3) Many different governmental agencies providing basic utilities and safety

Opportunities

- (1) Engagement with other governments and service providers
- (2) More business development, expansion and retention

Threats

- (1) Federal and State economic woes could impact our organization's revenues and expenditures negatively and could severely hamper our ability to provide basic services
- (2) Natural and manmade disasters
- (3) Inability to compete with surrounding communities for economic development could negatively impact our citizens

EXTERNAL – RELATIVE TO OTHERS IN SALT LAKE COUNTY, THE STATE OF UTAH, AND THE USA

Strengths

- (1) A growing positive reputation
- (2) Generally seen as an innovator in service delivery and code regulation
- (3) Considered a team player in the delivery of services
- (4) Seen as a leader in developing/investigating public/public partnerships

Weaknesses

- (1) Not influential enough to be considered a regional, national leader
- (2) Do not promote how we do business regionally or nationally
- (3)

Opportunities

- (1) Engagement with other governments and service providers
- (2) More business development, expansion and retention
- (3) More commercial services to citizens

Threats

- (1) Failure to "get our story" out there could hamper us from achievable expansion of the tax base

**DEVELOP
THE PLAN-
GOALS AND OBJECTIVES**

- What is our plan?
- What do we commit to do?
- How do we achieve it?

STRATEGIC PLAN THEME

A review of the internal and external analysis highlights a need for Cottonwood Heights to be even more strategic in decision making in order to achieve success and grow to the next level of performance. This is the guiding theme of the following goals and objectives. Added upon us is the uncertainty of the national and even global economy that could impact us negatively if we don't make decisions with a strong strategic based point of view.



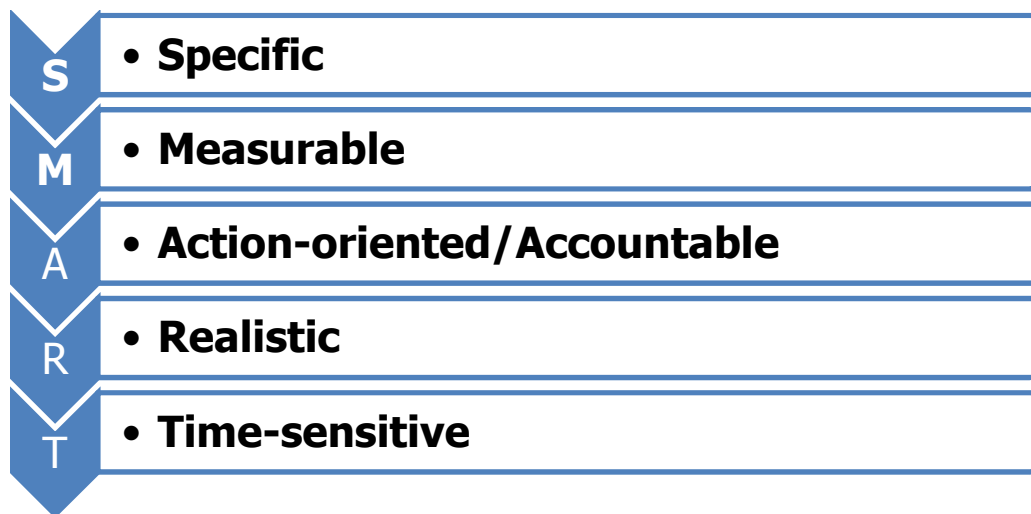
**DEVELOP
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- What is our plan?
- What do we commit to do?
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How do we become more “strategic”. As with any desired outcome, we must first possess the components to achieve this end. With disciplined action and behavior consistent with our mission and core values, we can capitalize on our strengths, overcome our weaknesses, and build the community government that our citizens expect and deserve. Achieving the follow goals and objectives will make us more strategic in our approach.

GOALS are the big picture statements of what we want to achieve

OBJECTIVES outline the action plan for accomplishing the goal
Objectives are SMART



**DEVELOP
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- What is our plan?
- What do we commit to do?
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INTERNAL – OPERATING

Goal (1): Promote and emphasize an attitude of pleasantly assisting all customers with the goal of satisfactorily “resolving the issue” for the customer

Objective: Departments of Cottonwood Heights will be customer service oriented by:

- i) Implementing measurement techniques for key areas of customer service and providing the council a quarterly dashboard report from the measurements.
- ii) Ensuring that staff is trained in City Council's expectation of delivering excellent customer service and the methods by which that department will meet those expectations.
- iii) Establishing and publishing timelines for meeting customer requests for routine and standard deliverables.

Status – Ongoing



Objective: Review and or implement general policies and procedures for all city volunteer committees

Status – Ongoing



Objective: Explore the feasibility of establishing our own municipal court by:

- i) Doing a survey of at least six other municipalities that operate a municipal court examining their procedures and costs.
- ii) Developing a model and timeline for a Cottonwood Heights Court.

Status – Ongoing



Goal (2): Provide effective, clear communications to constituents

Objective: Maintain a high level of communication with citizens by:

- i) Publishing a Monthly Newsletter in the Valley Journal.
- ii) Developing a plan to increase our use of and presence in social media
- iii) Pursuing fiscally constrained ways the city can more effectively conduct business electronically with its citizens and effectively utilize the complaint/comment tracking system.
- iv) Developing a plan to improve our web site for traditional and mobile users.

Status – Ongoing



Objective: Include as part of every public works project a written plan approved by the Public Works Director to notify the public of the scope and impact of the project and provide the plan to the Council member in whose district the work will be performed.

Status – Ongoing



Goal (3): Place greater emphasis on emergency preparedness planning

Objective: Maintain a high level of communication with citizens by:

- i) Better define the phases of emergency actions in the city including, preparation, mitigation, response and recovery functions by revising the emergency response and communication plan.
- ii) Identify each year, by Department, the personnel required to complete specific NIMS coursework training and what courses are required.
- iii) Annually review and update as appropriate any of the fifteen components of the FEMA/NIMS established Emergency Support Functions (ESF).
- iv) Determine the most efficient and cost effective manner to achieve redundancy of electronic media storage.

Status – Ongoing



Goal (4): Development of programs and plans to maximize the beneficial impact of planning, capital improvements and open space, parks, trails, and beautification

Objective: Evaluate housing stock within the City and evaluate long range housing goals through the current general plan update process.

Status – Ongoing



Objective: Publish new General Plan by the end of June 2014 or at least have completed steps for public input regarding the General Plan Update.

Status – Ongoing



Objective: Identify options for establishing a permanent city hall. Where possible acquire property or begin construction to best use citizen tax dollars by taking advantage of lower real estate costs, moderate construction costs and locking in occupancy costs for the long term instead of continually paying higher rents for city offices.

Status – Ongoing



Objective: Under the guidance of the City Engineer develop objectives and goals to comply with Federal clean water requirements and to identify methods to fund said objectives and goals.

Status – Ongoing



Objective: As part of the review and update of the city's General Plan determine if a Fort Union Boulevard transportation master plan is warranted. The master plan would include alternate transportation modes/networks (e.g., pedestrian, bicycle, mass transit) and impacts on Fort Union Boulevard, so that they interface cohesively to encourage economic development and intermodal travel. Specifically, encourage implementation of a transit system capable of supporting bus-rapid or light-rail transit to link major employment, retail, and residential areas with stations, park-and-rides, and other elements of the regional transportation.

Status – Ongoing



Goal (5): Implement Sound financial planning that contemplates future budgeting requirements and incorporates city objectives of maintaining infrastructure, fair pay and benefits for employees, and structural balance within the budget

Objective: Complete a five year strategic financial plan that will begin the initial review soon after the update to the City General Plan is complete. The strategic plan will be updated annually.

Status – Ongoing



Goal (6): Recognize the importance of a strong and vibrant business community by seeking ways to support Cottonwood Heights businesses and diminishing regulatory burdens for businesses to thrive in our community

Objective: In lieu of affiliation with a Chamber of Commerce, engage the business community in outreach programs that enhance a business's overall experience in Cottonwood Heights.

Status – Ongoing



Objective: At a minimum host a luncheon once a quarter for various business segments within the city.

Status – Ongoing



Objective: The Planning Department will find ways to utilize information from the city economic development study completed in 2011 and make recommendations to the City Council.

Status – Ongoing



INTERNAL - CAPITAL

Goal (1): Development of programs and plans to maximize the beneficial impact of planning, capital improvements and open space, parks, trails, and beautification

Objective: Complete a five year strategic financial plan that will begin the initial review soon after the update to the City General Plan is complete. The strategic plan will be updated annually.

Status – Ongoing



INTERNAL - WORKFORCE

Goal (1): Promote and emphasize an attitude of pleasantly assisting all customers with the goal of satisfactorily “resolving the issue” for the customer

Objective: Recognize at least quarterly an employee that has exemplified the city commitment to excellent customer service.

Status – Ongoing



Goal (2): Place greater emphasis on emergency preparedness planning

Objective: Identify each year, by Department, the personnel required to complete specific NIMS coursework training and what courses are required.

Status – Ongoing



Objective: Provide incentive and recognition for those completing the NIMS courses.

Status – Ongoing



Goal (3) Implement Sound financial planning that contemplates future budgeting requirements and incorporates city objectives of maintaining infrastructure, fair pay and benefits for employees, and structural balance within the budget

EXTERNAL - COMMUNITY

Goal (1): Promote and emphasize an attitude of pleasantly assisting all customers with the goal of satisfactorily “resolving the issue” for the customer

Objective: Complete a customer satisfaction survey conducted by a contracted third party.

Status – Ongoing



Objective: Facilitate annexation requests and support annexation efforts.

Status – Ongoing



Goal (2): Foster and create partnerships with other Governmental agencies to leverage resources and maximize services

Objective: Canyons School District:

- i) Collaborate on maximizing utilization of school owned property in Cottonwood Heights including maximizing green space at Butler Park.
- ii) Develop a plan for the utilization of the Butler Middle School Auditorium.

Status – Ongoing



Objective: Cottonwood Heights Parks and Recreation Service Area:

- i) Maintain a unified approach to all city events whether the primary sponsor is the city or the Service Area by holding monthly meetings to plan and review joint approach to all activities.
- ii) Deploy resources for the mutual benefit of our constituencies by contracting with the Service Area for park maintenance and management as well as sidewalk snow removal and other services offered by the Service Area.

Status – Ongoing



Objective: Utah Transit Authority:

- i) Collaborate with UTA to explore mass transit alternatives within the city and for access to and utilization of the Cottonwood Canyons.

Status – Ongoing



Objective: Salt Lake County:

- i) Reduce cost of and improve voter participation in municipal elections by cooperating with the County Clerk in expanding voting by mail.
- ii) Seek improvements to Crestwood Park by working with the County Parks Advisory Board and encouraging allocation of county budget funding for this purpose.

Status – Ongoing



EXTERNAL – RELATIVE TO OTHERS IN SALT LAKE COUNTY, THE STATE OF UTAH, AND THE USA



Goal (1): Foster and create partnerships with other Governmental agencies to leverage resources and maximize services

Objective: Seek funding for all or part of the city's financial commitment to the expanded Butler Middle School Auditorium by applying for a grant from Salt Lake County Cultural Arts Support Group Advisory Board, or seeking a grant from other funding sources such as the TRCC Fund.

Status – Ongoing





FY 2014-15

OPERATING &

CAPITAL BUDGET



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

General Fund Revenue and Other Sources with Impact on Fund Balance

Description	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2014 Estimate to 2015 Budget % Change
BEGINNING FUND BALANCE	3,047,494	2,746,426	2,676,426	2,676,426	1,954,074 *	-26.99%
REVENUES						
TAXES						
Real Property Taxes	6,594,176	6,954,277	6,620,048	6,620,048	6,620,048	0.00%
General Sales and Use Taxes	4,725,926	5,011,132	4,900,000	5,170,000	5,300,000	2.51%
E911 Emergency Telephone Fees	294,517	321,556	320,000	320,000	265,000	-17.19%
Fee-In-Lieu of Property Taxes	400,016	390,882	395,000	390,000	390,000	0.00%
Franchise Taxes - Cable TV	278,444	296,450	295,000	295,000	331,700	12.44%
Innkeeper Tax	23,625	18,875	20,000	25,000	25,000	0.00%
Total Taxes	12,316,704	12,993,172	12,550,048	12,820,048	12,931,748	0.87%
LICENSES AND PERMITS						
Business Licenses and Permits	217,422	213,132	220,000	220,000	220,000	0.00%
Buildings, Structures and Equipment	174,746	242,193	235,000	335,000	295,600	-11.76%
Road Cut Fees	43,352	34,526	30,000	30,000	35,000	16.67%
Animal Licenses	10,172	12,730	10,000	10,000	10,000	0.00%
Total Licenses and Permits	445,691	502,581	495,000	595,000	560,600	-5.78%
INTERGOVERNMENTAL REVENUE						
Federal Grants	64,875	114,694	154,055	91,150	55,000	-39.66%
State Grants	54,222	36,042	0	50,728	0	-100.00%
Class C Roads	1,067,518	1,066,099	1,000,000	1,090,000	1,090,000	0.00%
Liquor Fund Allotment	43,515	43,595	43,500	43,500	45,000	3.45%
Local Grants	22,971	29,034	0	16,978	0	-100.00%
Total Intergovernmental Revenues	1,253,101	1,289,464	1,197,555	1,292,355	1,190,000	-7.92%
CHARGES FOR SERVICE						
Zoning and Sub-division Fees	180,299	237,192	144,500	180,500	170,000	-5.82%
Pavilion Fees	0	8,134	5,500	5,500	5,500	0.00%
Other Charges for Services	0	0	0	0	0	#DIV/0!
Total Charges for Services	180,299	245,326	150,000	186,000	175,500	-5.65%
FINES AND FORFEITURES						
Courts Fines	552,220	528,676	530,000	530,000	535,000	0.94%
Total Fines and Forfeitures	552,220	528,676	530,000	530,000	535,000	0.94%
MISCELLANEOUS REVENUE						
Interest Revenues	25,843	15,101	20,000	20,000	20,000	0.00%
Miscellaneous Revenues	41,145	55,683	35,953	53,811	59,254	10.12%
Total Miscellaneous Revenue	66,988	70,784	55,953	73,811	79,254	7.37%
TOTAL REVENUES	14,815,003	15,630,004	14,978,556	15,497,214	15,472,102	-0.16%

* Estimated based on 2014 year end estimated revenue and expenses



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

General Fund Revenue and Other Sources with Impact on Fund Balance

Description	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2014 Estimate to 2015 Budget % Change
OTHER FINANCING SOURCES						
IMPACT FEES						
Storm Water Impact Fees	0	0	20,000	0	0	0.00%
Transportation Impact Fees	0	0	25,000	0	0	0.00%
Total Impact Fees	0	0	45,000	0	0	0.00%
OTHER SOURCES						
Sale of Capital Assets	14,800	753,000	0	0	0	-100.00%
Proceeds from Capital Leases	0	1,142,555	0	0	0	-100.00%
Total Other Sources	14,800	1,895,555	0	0	0	0.00%
FUND BALANCE						
General Fund	3,047,494	2,746,426	2,676,277	2,676,277	2,066,798	-22.77%
Total Beginning Fund Balance	3,047,494	2,746,426	2,676,277	2,676,277	2,066,798	-22.77%
TOTAL OTHER FINANCING SOURCES	3,062,294	4,641,981	2,676,277	2,676,277	2,066,798	-22.77%
GRAND TOTAL REVENUES AND OTHER FINANCING SOURCES						
	17,877,297	20,271,985	17,654,833	18,173,491	17,538,900	-3.49%



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

General Fund Expenditures and Other Uses with Impact on Fund Balance

Description	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2014 Estimate to 2015 Budget % Change
EXPENDITURES						
GENERAL GOVERNMENT						
<i>LEGISLATIVE</i>						
Mayor & City Council	467,923	512,707	647,305	584,400	588,108	0.63%
Planning Commission	4,759	4,372	6,000	4,000	6,000	50.00%
Legislative Committees & Special Bodies	102,880	105,998	127,500	137,080	129,000	-5.89%
Total Legislative	575,563	623,077	780,805	725,480	723,108	-0.33%
<i>JUDICIAL</i>						
Court, Prosecutor & Defender	351,428	381,900	370,000	370,000	400,000	8.11%
Total Judicial	351,428	381,900	370,000	370,000	400,000	8.11%
<i>EXECUTIVE & GENERAL GOVERNMENT</i>						
City Manager & General Government	594,828	710,549	660,899	660,899	712,540	7.81%
Emergency Management	51,145	15,782	30,600	11,028	30,600	177.49%
Information Technology	37,272	129,958	134,600	134,600	137,100	1.86%
capital outlay	82,519					
Total Executive & General Government	765,764	856,289	826,099	806,527	880,240	9.14%
<i>ADMINISTRATIVE OFFICES</i>						
Finance	263,385	310,931	326,017	326,017	377,381	15.76%
Attorney	347,884	255,569	229,182	214,182	232,482	8.54%
Administrative Services/Recorder	319,551	321,258	420,770	418,070	462,367	10.60%
Elections	25,568	0	77,000	47,129	0	-100.00%
Total Administrative Offices	956,388	887,758	1,052,969	1,005,398	1,072,230	6.65%
Total General Government	2,649,142	2,749,024	3,029,873	2,907,404	3,075,579	5.78%
PUBLIC SAFETY						
Police	4,812,816	4,909,018	5,092,745	5,151,573	5,314,630	3.17%
capital outlay	96,754	41,880				
Fire	2,998,505	3,232,349	3,369,817	3,369,817	3,466,008	2.85%
Ordinance Enforcement	149,941	148,787	155,511	150,511	153,882	2.24%
Total Public Safety	8,058,016	8,332,034	8,618,073	8,671,901	8,934,521	3.03%
HIGHWAYS AND PUBLIC IMPROVEMENTS						
Public Works (non-Class C)	843,945	462,214	1,100,767	1,481,951	1,462,425	-1.32%
capital outlay	42,143	673,105				
Impact Fee Program	0	0	0	0	0	100.00%
Class C Road Program	949,198	997,300	1,000,000	1,090,000	1,090,000	0.00%
Total Highways and Public Improvements	1,835,285	2,132,619	2,100,767	2,571,951	2,552,425	-0.76%
COMMUNITY AND ECONOMIC DEVELOPMENT						
Planning	583,548	386,624	420,920	429,426	445,632	3.77%
Economic Development	29,350	9,000	47,000	31,500	70,000	122.22%
Engineering	0	294,569	435,000	535,000	560,000	4.67%
Total Community & Economic Development	612,898	690,193	902,920	995,926	1,075,632	8.00%



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

General Fund Expenditures and Other Uses with Impact on Fund Balance

Description	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2014 Estimate to 2015 Budget % Change
LEASE EXPENSE						
Interest and Principal	244,783	748,414	326,923	308,576	343,476	11.31%
Total Lease Expense	244,783	748,414	326,923	308,576	343,476	11.31%
OTHER & INTERGOVERNMENTAL EXPENDITURES						
Police Vehicles	0	1,458,000	0	0	0	-100.00%
Total Intergovernmental Expenditures	0	1,458,000	0	0	0	-100.00%
TOTAL EXPENDITURES	13,400,125	16,110,285	14,978,556	15,455,758	15,981,632	3.40%
OTHER USES						
Transfers to Cap Improvement Fund	1,730,747	1,485,423	895,000	763,659	0	-100.00%
Transfers to Debt Service Fund					453,111	100.00%
Total Other Financing Uses	1,730,747	1,485,423	895,000	763,659	453,111	-40.67%
TOTAL OTHER (USES)	1,730,747	1,485,423	895,000	763,659	453,111	-40.67%
GRAND TOTAL BUDGETED EXPENDITURES AND OTHER USES	15,130,873	17,595,709	15,873,556	16,219,417	16,434,743	1.33%
TOTAL ENDING FUND BALANCE	2,746,425	2,676,278	1,826,426	1,954,223	991,433	-49.27%
NET CHANGE TO FUND BALANCE	(301,067)	(70,147)	(849,852)	127,797	(962,641)	-853.26%



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

COTTONWOOD HEIGHTS Capital Projects Fund

Description	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2014 Estimate to 2015 Budget % Change
REVENUES						
State/Local Government Grants	0	200,000	0	3,365,000	0	-100.00%
Federal Government Grants	0	0	0	0	0	0.00%
Impact Fees	25,185	31,783	45,000	45,000	45,000	0.00%
Interest Revenues	28,092	21,759	35,000	35,000	35,000	0.00%
TOTAL REVENUES	53,277	253,542	80,000	3,445,000	80,000	-97.68%
OTHER FINANCING SOURCES						
Bond Proceeds	0	0	0	14,500,000	0	
Transfers from General Fund						
Class C Road	78,355	112,353	0	68,799	0	-100.00%
General Fund Other	1,652,392	1,373,070	850,000	694,860	0	-100.00%
Unreserved Fund Balance:						
City Center/Parks	2,294,711	3,701,622	1,796,767	0	0	-100.00%
Other Unreserved Fund Balance	3,504,797	210,350	1,857,055	4,451,448	18,741,826	139.70%
TOTAL OTHER SOURCES AVAILABLE	7,530,255	5,397,395	4,503,822	19,715,107	18,741,826	337.74%
TOTAL REVENUE/OTHER SOURCES	7,583,532	5,650,937	4,583,822	23,160,107	18,821,826	405.26%
EXPENDITURES						
Pavement Maintenance	481,536	319,857	434,000	459,615	961,926	109.29%
ADA Ramps	42,023	38,500	65,000	65,000	0	-100.00%
Intersection Improvements	46,481	45,918	0	0	0	0.00%
Ft. Union/Highland Drive Intersection Imp.	0	0	0	50,000	0	-100.00%
Traffic Calming	10,449	0	54,000	54,000	0	100.00%
Storm Drain Improvements	0	0	25,000	34,169	25,000	-26.83%
Cross Gutter Replacement	39,268	38,299	42,000	42,000	0	-100.00%
Big Cottonwood Canyon Trail	75,224	147,987	196,000	240,355	0	-100.00%
Traffic Signal Upgrades	22,669	0	0	0	0	0.00%
Street Lighting Program	3,876	0	0	0	0	0.00%
Bridge Rehabilitation	0	0	0	0	0	0.00%
Danish Road Project	14,623	49,204	0	0	0	0.00%
Transportation Plan Update	0	13,978	0	0	0	0.00%
Sidewalk Replacement	58,536	54,997	50,000	50,000	0	-100.00%
EECBG Milne Dr/Danville/Deer	4,200	0	0	0	0	0.00%
Cr/Timberline Lighting	0	19,386	0	0	0	0.00%
Union Park Gateway Study	38	0	0	0	0	0.00%
Highland Drive Landscaping	13,039	0	877,605	939,598	0	-100.00%
Public Works Site	347	0	0	0	0	0.00%
Prospector Trailhead	61	0	0	0	0	0.00%
East Jordan Canal	4,388	24,575	0	0	0	0.00%
Traffic Calming-Rolling Knolls Area	0	0	0	5,000	0	-100.00%
7200 S. Sidewalk	0	75,000	0	75,000	0	-100.00%
Hazard Mitigation	187,925	830	0	0	0	0.00%
2300 E. Storm Drain	42,295	0	0	0	0	0.00%
EECBG Park Centre Dr Lighting	21,234	0	0	0	0	0.00%
EECBG 1300 E. Lighting	20,829	0	0	0	0	0.00%
Water Vista/Little Cottonwood St Drain	80,293	(895)	85,000	59,393	0	-100.00%
Miscellaneous Small Projects	2,479,939	92,559	0	32,200	0	-100.00%
Mountview Park	13,039	0	877,605	0	0	-100.00%
Public Works Site						



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

COTTONWOOD HEIGHTS Capital Projects Fund

Description	2010-11 Year Actual	2011-12 Year Actual	2012-13 Year Adopted	2012-13 Year Estimated Actual	2013-14 Year Budget	2013 Estimate to 2014 Budget % Change
2325 E. Traffic Calming	0	20,603	0	0	0	0.00%
1700 E.Reconstruction	0	14,369	0	0	0	0.00%
Union Park Landscaping/Access Mgmt	0	33,932	135,400	0	0	0.00%
Pine Knot Dr. Storm Drain	0	2,265	0	0	0	0.00%
Heughs Canyon Storm Drain	0	16,955	0	0	0	0.00%
Butler Middle School Auditorium	0	138,500	500,000	500,000	0	-100.00%
Ft. Union Blvd. Park & Ride	0	23,204	0	0	0	0.00%
Golden Hills Park Improvements	0	523	15,000	15,000	0	-100.00%
Traffic Adaptive Control	0	4,445	139,050	139,050	0	-100.00%
Pippen Drive Storm Drain Improvements	0	0	184,000	184,000	0	-100.00%
Bengal Blvd. Improvements	0	0	0	1,351,470	0	-100.00%
Highland Drive Access Ramp Environmental	0	0	0	20,000	0	-100.00%
3000 East Wall Replacement	0	0	0	97,500	0	-100.00%
Brown Sanford Inventory & Assessment	0	0	0	0	30,000	100.00%
Special Neighborhood Issues Project	18,097	0	0	0	0	0.00%
Comprehensive CIP Sustainability Plan	0	0	0	0	0	0.00%
City Center and Parks Development	4,191	4,500	1,781,767	4,931	0	-100.00%
TOTAL EXPENDITURES	3,684,598	1,179,489	5,461,427	4,418,281	1,016,926	-76.98%
Excess of Revenue and Other Funding						
Sources over/(under) Expenditures and						
Other Uses	3,898,933	4,471,448	(877,605)	18,741,826	17,804,900	



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

COTTONWOOD HEIGHTS Employee Benefits Fund (an Internal Service Fund)

Description	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2014 Estimate to 2015 Budget % Change
REVENUE AND OTHER SOURCES						
Charges for Employee Benefits	16,472	65,054	104,371	104,371	104,371	0.00%
Interest Revenue	1,625	1,641	900	900	900	0.00%
Total Revenue	18,097	66,695	105,271	105,271	105,271	0.00%
Beginning Balance to Appropriate	171,215	249,336	249,335	249,335	249,335	0.00%
TOTAL REVENUE & OTHER SOURCES	189,312	316,031	354,606	354,606	354,606	0.00%
EXPENSES AND OTHER USES						
Employee Benefits	18,097	66,695	249,335	249,335	249,335	0.00%
Total Expense	18,097	66,695	249,335	249,335	249,335	0.00%
PTO Accrual-Future Liab. Carryover	231,239	249,336	105,271	105,271	105,271	0.00%
TOTAL EXPENSES & OTHER USES	249,336	316,031	354,606	354,606	354,606	0.00%
NET ASSETS						
Net Assets Beginning	231,239	249,336	316,030	316,030	565,365	78.90%
Net Assets Ending	249,336	316,031	565,365	565,365	814,700	44.10%
Expected Current Year-end Liability Balance	249,336	316,031	565,365	565,365	814,700	44.10%

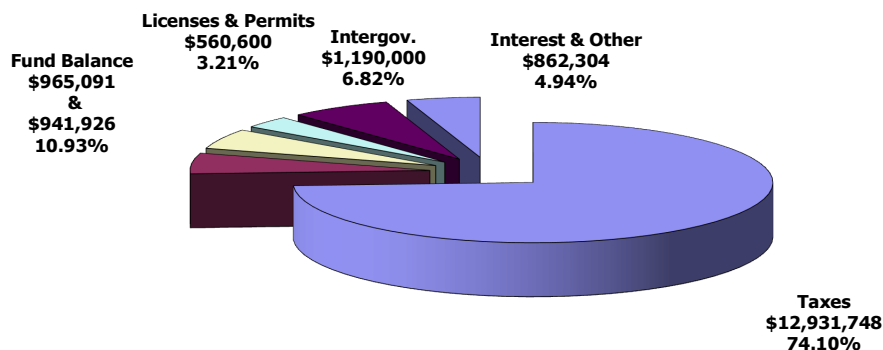
WHERE DO THE FUNDS COME FROM

The following chart and pie graph summarizes the 2013 total revenue and other sources

**COTTONWOOD HEIGHTS
2015
TOTAL REVENUE &
OTHER FINANCING SOURCES**

Taxes	\$12,931,748
Fund Balance: General Fund	\$965,091
CIP Fund	\$941,926
Licenses & Permits	\$560,600
Intergovernmental	\$1,190,000
Interest & Other	\$862,304
	\$17,451,669
Total Revenue	\$15,544,652
Fund Balance	\$1,907,017
Other Sources	\$0
	\$17,451,669

TOTAL REVENUE AND OTHER SOURCES BUDGETED IN FY2014



The preceding graph shows all of the revenue and other sources that finance the budgets of the governmental funds. Of the total; 1)current revenue is \$15,544,652; 2)General Fund balance is \$965,091 which includes the total transfer to Debt Service of \$453,111 and; 3)unspent Capital Project balances carried forward as Capital Improvement Fund Balance is \$941,926.
Taxes and intergovernmental revenue total \$14,121,748 and represents 80.92% of all budgeted sources.

MAJOR REVENUE SOURCES

Property tax, including Motor Vehicle (Fee-in-Lieu) and Sales tax are the two most significant revenue sources for Cottonwood Heights, representing 79.6% of total current revenue. Property tax, including Motor Vehicle is 45.3% of total current revenue and Sales tax is 34.3%.

PROPERTY TAX REVENUE AND THE PROPERTY TAX RATE

Property tax for Utah local governments is regulated by Utah State law collectively referred to as Truth-in-Taxation legislation or law. This law requires each county auditor, under the supervision of the State Tax Commission, to calculate a certified tax rate for each local government that assesses a property tax. This certified tax rate is a rate that will give the local government approximately the same amount of property tax revenue as it received the previous year plus taxes generated by applying the rate to "new growth." "New growth" is calculated by a formula that combines the following: 1) Current taxable values, 2) Changes in value as the result of general inflation/deflation factoring, 3) Changes in value as a result of reappraisals and 4) Less the prior year taxable value. The net amount that this formula produces either positive or negative is "new growth" as defined by the Truth-in-Taxation law. Taxpayers throughout the state generally accept the fact that the "certified rate" is the minimum required to sustain the current local government service level. The City Council has determined that the city will not exceed the "certified tax rate." The predetermined decision not to exceed the "certified tax rate" makes estimating property tax revenue a process of simply calculating the revenue from the taxable values and "certified rate" supplied by the county auditor. Property tax assessed and collected for the calendar year 2014 provides the revenue to finance the fiscal 2015 budget year. Property is valued as of January 1st each year, rates are set before the end of August and taxes are due November 30. Because the City operates on a fiscal year basis, the payment of 2014 calendar year taxes falls in the 2015 fiscal year of the City. The County Assessor determines a taxable value including "new growth" and the County Auditor calculates the "certified tax rate." The certified tax rate is available by June 8 each year, and is accessible through the State Tax Commission website. Property tax revenue is calculated using this known information and it will prove to be an accurate estimate. Taxpayer appeals to the county board of equalization, a delinquency rate that may depart from the five year average delinquency rate used in the (certified tax rate) calculations or a variance in estimated delinquent collections will cause actual revenue to vary from the estimate. The estimated property tax revenue amount generated by the rate of .002586 in the FY2012 budget was \$6,437,173. The certified tax rate for Tax Year 2013 was .002654 and was budgeted at \$6,431,714. New growth was calculated to be \$3,090,639 of certified tax rate value. This new growth value added \$8,203 of tax rate base revenue. The certified tax rate for Tax Year 2014 was .002522 and was budgeted at \$6,465,048. New growth was calculated to be \$21,650,402 of certified tax rate value. This new growth value added \$54,602 of tax rate base revenue. Rates are not available at this time so the FY2015 is budgeted at the FY2014 rates. Only new growth will change to total revenue amount.

The city also collects a Motor Vehicle Fee, referred to as the "Fee-in-Lieu" of property tax on automobiles and light trucks. This fee is collected according to a state-wide fee schedule. In this budget the amount estimated is \$390,000. The amount of Motor Vehicle revenue available to all property tax collecting entities is determined by the number of automobiles and light trucks in the county and their age. The distribution of the amount to each entity in the county is determined by the proportion that each property tax is of the total property tax in the county. Information is not accurately available on either of these two factors that determine Cottonwood Heights' revenue from this source. Throughout the early history of the city, this revenue was approximately \$500,000 but since 2009 dropped each year until FY2012 when we saw a slight leveling off. Projections for FY2015 have this source of funding level at \$390,000. Several factors can and do influence the

revenue received from Motor Vehicle Fees, such as new vehicle sales and newer vehicle renewals, and the total number of vehicles registered per household.

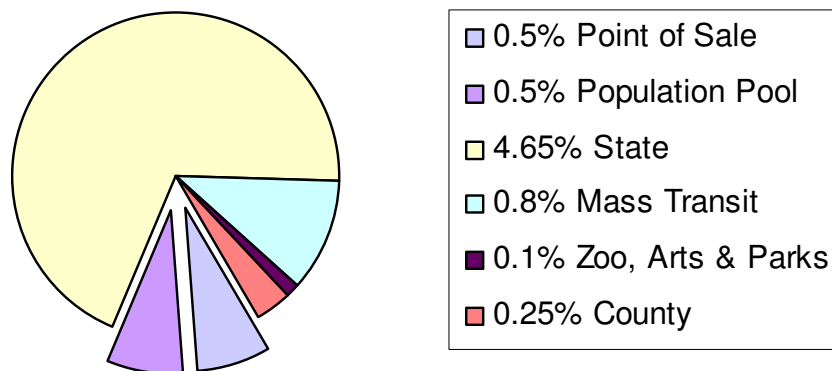
SALES TAX REVENUE

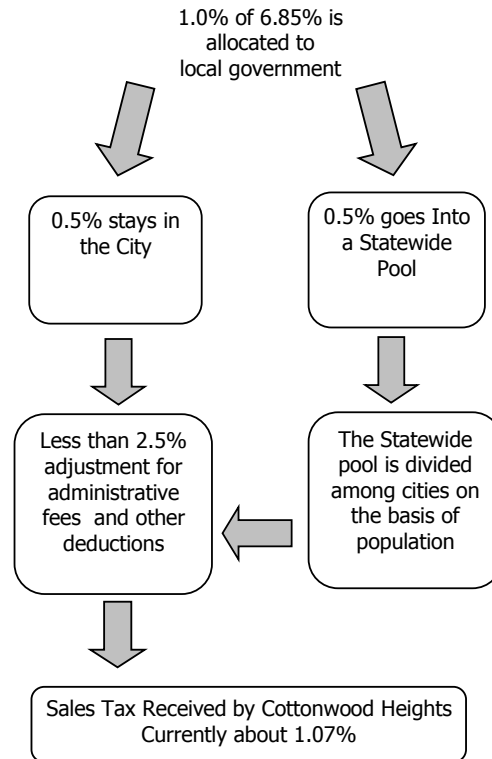
The following pie chart explains the distribution of total sales tax which is collected on most taxable sales within Cottonwood Heights. Of the total 6.85% collected by the State Tax Commission on sales within Cottonwood Heights, one percent goes to local government. Of this one percent, one half percent is paid to the City based on sales in the city and the other one half percent is paid into a state pool and distributed to taxing entities based on population. *Please see flow chart below.*

Cottonwood Heights receives more from the state pool than is contributed to the pool from sales in the city. In FY2013, Cottonwood Heights had collected through May an average 1.106% of sales taxes generated within the city. This average of 1.065% compares to 1.117% for FY2012 and 1.101% in FY2011. Cottonwood Heights' percent of the total Utah population is declining therefore the amount of sales tax revenue received as a percent of that contributed to the pool is gradually declining. Estimates of sales tax revenue are affected by many factors; sales in the city, sales in the state, and Cottonwood Heights' population as a percent of state population. From data gathered from the Utah State Tax Commission actual distributions of Sales and Use Taxes for FY2010 declined 5.6% compared to FY2008. Sales Tax distributions to all Cities and Towns state wide declined 6.6 % in FY2009 as compared to FY2008. The current Utah State Tax Commission data indicates that FY2012 year to date total statewide sale tax distributions increased 6.54% over FY2011. FY2013 year to date data indicates a statewide average increase in the first nine months of 7.98%.

However, Cottonwood Heights as a percent of the state population (the population factor) decreased from an average factor of 1.36% for 2008 to a factor of 1.33% for 2009, 1.29% for 2010, and 1.27% for 2011, 1.21% in 2012 and 1.21% in FY2013. Based on these trends, and budgeting very conservatively the FY2012 projection was set at \$4.3 million and actual collections were \$4.7 million. FY2013 projection as set at \$4.9 million and actual collections were \$5.011 million. FY2014 budget was set at \$4.9 million and actual collections are expected to be \$5.17 million. Sales tax revenue began to decrease in September 2008 (FY2009) and that decrease has leveled off. The \$5.3 million budget projection for 2015, anticipates the sales tax revenue to the city to continue to improve and should be at approximately the "high water mark" set by the city in FY2008.

6.85% is collected on all applicable sales in the city





*The 2.5% is the amount that the law allows the State Tax Commission to deduct for collection and administration. Note: The combined tax rate on food and food ingredients is 3% but the city's rate is still 1%.

INTERGOVERNMENTAL REVENUE AND OTHER REVENUE

Other than taxes and fund balances, intergovernmental revenue is the remaining major funding source of the governmental fund budgets. Intergovernmental revenue (\$1,190,000) is 7.69% of total revenue. Included in the \$1,190,000 is the federal CDGB grants of \$35,000 and a state Liquor Fund allotment of \$45,000. The remaining \$1,100,000 is \$1,090,000 of estimated Class C road fund revenue used to finance maintenance/construction of streets including street lights and sidewalks, and \$20,000 anticipated from the State of Utah federal pass-through for support of the Crime Victims Advocate position. The \$1,090,000 in Class C Road funds is 7.05% of total revenue used to support governmental fund budgets. This revenue is Cottonwood Heights' share of the state taxes collected from the sale of motor fuels. Fifty percent of the amount distributed by the state to cities and counties is based on population and fifty percent is based on weighted road miles. The weighting is based on type of road surface. The first full year that Cottonwood Heights collected this revenue was 2006. In 2007, this revenue source decreased compared to 2006 because of a change in distribution timing which distributed thirteen months revenue into 2006. In 2008 this revenue source decreased approximately 2%. Even though there was a 1.49% increase in total distribution, less was received because of a decline in population as a percentage of total state population and a reduction in road miles. The reduction in road miles was caused by the removal of some private streets previously counted as city streets. The first eight months of 2009 revenue decreased 7.65% compared to the same period of 2008. For the same period state wide revenue decreased 1.28%. A new hold harmless feature in the distribution formula took \$22,855 from Cottonwood Heights and redistributed

it to some counties and also Cottonwood Heights' population as a percentage of the State population continues to decline. The FY2010 budget for class C road fund revenue was projected to be \$1,189,500, a 3.43 % increase over 2009 based on a 5% increase in total amount distributed, but partly offset by a continuing decrease in the city's share of the distribution. This budget was subsequently reduced to \$931,366. Actual collections in 2010 were \$1,068,952, and \$1,099,462 in FY2011. The FY2012 budget was approved at \$1,113,500 and \$1,067,518 was collected. The FY2013 budget was approved \$1,113,500 and \$1,066,099. The FY2014 budget was approved at 1,000,000 and is projected to come in at \$1,090,000. This declining revenue prompted the conservative budget of \$1,000,000 in FY2014. It is projected to actual improve. We do believe this trend will level off and not return to the periods of decline.

Other revenue estimates are based on a projection of recent past experience. Economic conditions are slowly improving and so is revenue from building permits, zoning and subdivision fees, and interest earnings. The 2015 budget is built on the assumption that the increases in building and construction economic conditions during the past year will continue but not grow.

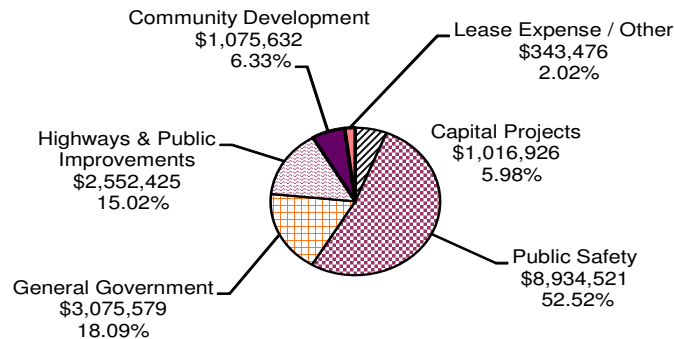
TOTAL EXPENDITURES AND OTHER USES FOR GOVERNMENTAL FUNDS

The following chart and pie graph summarize FY2014 total governmental fund expenditures

COTTONWOOD HEIGHTS 2014 BUDGETED EXPENDITURES

Description	Dollar Amount	Percentage
Capital Projects New and Carryover	\$1,016,926	5.98%
Public Safety	\$8,934,521	52.56%
General Government	\$3,075,579	18.09%
Highways & Public Improvements	\$2,552,425	15.02%
Community Development	\$1,075,632	6.33%
Lease Expense / Other	\$343,476	2.02%
Total	\$16,998,558	100.00%

2014 TOTAL EXPENDITURES



GENERAL FUND EXPENDITURES

Economic conditions continue to make it necessary to refine and improve city services and only increase critical need services, those that will improve efficiency and public safety.

The table below compares city staffing levels from 2009 to the staffing level planned for the 2015 budget. Staffing level in this chart is measured by daily full time equivalent (FTE). 1.00 FTE is an employee working eight hours per day and the count shown in the chart is the number of FTE's at the end of the fiscal year. The elected mayor and council are counted as one FTE each.

COTTONWOOD HEIGHTS EMPLOYEE STAFFING LEVELS SUMMARY

DEPARTMENT		2009 FTE	2010 FTE	2011 FTE	2012 FTE	2013 FTE	2014 FTE	2015 FTE
MAYOR & COUNCIL	GENERAL GOVERNMENT	5.00	5.00	5.00	5.00	5.00	5.00	5.00
CITY MANAGER'S OFFICE	GENERAL GOVERNMENT	2.50	2.50	2.25	3.25	3.50	2.50	2.00
FINANCE	GENERAL GOVERNMENT	1.50	2.25	3.00	3.00	3.00	3.00	4.25
DATA PROCESSING	GENERAL GOVERNMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TREASURER/BUDGET OFFICER	GENERAL GOVERNMENT	0.63	0.63	0.00	0.00	0.00	0.00	0.00
ADMINISTRATIVE SERVICES	GENERAL GOVERNMENT	4.14	4.14	4.86	4.86	5.14	5.73	5.24
BUSINESS LICENSING	GENERAL GOVERNMENT	1.00	1.00	0.00	0.00	0.00	0.00	0.00
PLANNING	COMM. & ECON. DEVEL.	4.50	3.15	4.00	4.54	4.54	5.17	5.54
PUBLIC WORKS	HIGHWAYS & PUB. IMPROV.	2.00	2.00	4.20	4.00	4.65	4.65	4.65
ORDINANCE ENFORCEMENT	PUBLIC SAFETY	2.00	2.00	2.00	2.00	2.00	2.00	2.00
POLICE	PUBLIC SAFETY	41.75	43.25	45.25	46.45	47.46	47.96	49.96
TOTAL EMPLOYEES		65.02	65.92	70.56	73.10	75.29	76.01	78.64

A full position by position history and count of all positions can be found starting on page 227.

DEPARTMENT BY DEPARTMENT DESCRIPTION OF BUDGETED STAFFING CHANGES

Mayor and City Council

There are no personnel/staffing changes in the Mayor and City Council Office.

City Manager's Office

The Emergency Management Administrative Assistant (1.00) was moved from the City Manager's Office to the Deputy City Manager (Administrative Services Department) and changed to Assistant Emergency Manager. The budget impact associated with this change in title and responsibilities is \$8,859. A new person was hired to fill this new position.

An Information Technology Software Support budget was created at \$55,000. This function may be completed by a third party contract or an FTE, yet to be determined.

Finance

Two part time Office Assistant I positions (.625 each) were moved from Administrative Services to Finance. There is no budget impact associated with this move.

Administrative Services

Two part time Office Assistant I positions (.625 each) were moved from Administrative Services to Finance. These positions are responsible for animal licensing, cash receipting and coverage of the front desk. There is no budget impact associated with this move.

The Emergency Management Administrative Assistant (1.00) was moved to the Deputy City Manager (Administrative Services Department) from the City Manager and changed to Assistant Emergency Manager.

The Benefits Coordinator (.60) was increased to full time (1.00). A part time Office Technician (.38) was eliminated, to partially offset the budget impact of this position. The net budget impact is \$29,500.

An Arts Council Liaison (.24) was hired during FY2014. The budget impact is \$6,761.

Community and Economic Development

An Office Assistant II (.63) was changed to .50. An Office Assistant II (.50) was added. The budget impact associated with this change is \$23,000.

Public Works

There are no personnel/staffing changes in the Public Works Department.

Police

A Police Officer position (1.00) position will be added. A Police Officer position (1.00) that was filled and the budget reduced because of overseas military duty was added back into the budget. The budget impact of these changes is \$124,731.

Ordinance Enforcement

There are no personnel/staffing changes in Ordinance Enforcement.

DEPARTMENT BY DEPARTMENT DESCRIPTION OF SIGNIFICANT NON STAFFING BUDGET CHANGES

General Government

Mayor and City Council

Increases:

- Δ \$1,525 for 1.5% Cost of Living Adjustment (COLA) and associated benefits
- Δ \$932 for State Legislature mandated change in retirement rates
- Δ \$13,000 for financial advisor services associated with the new vehicle lease
- Δ \$10,000 for property and casualty insurance
- Δ \$10,000 for consultant and lobby services

Decreases:

- Δ -\$33,875 for estimated CDBG grant

Legislative Committees and Special Bodies

Increases:

- Δ \$1,500 for annual volunteer appreciation recognition banquet

Decreases:

Planning and Zoning Commission

- Δ No changes in this budget

City Court

- Δ -\$5,000 for estimated net expense of the court

City Manager

Increases:

- Δ \$4,559 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$2,262 for State Legislature mandated change in retirement rates
- Δ \$668 for Health Insurance Premium adjustments
- Δ \$12,710 for rental contract for City Hall
- Δ \$5,400 for city sponsored hosting and appreciation events and general supplies

Emergency Management

- Δ No changes in this budget

Information Technology (Data Processing)

Increases:

- Δ \$2,500 for software support contract changes

Finance

Increases:

- Δ \$10,958 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$1,940 for State Legislature mandated change in retirement rates
- Δ \$7,053 for Health Insurance Premium adjustments
- Δ \$1,647 for miscellaneous line item changes

City Attorney

Increases:

- Δ \$3,300 for City Attorney contract adjustment

Administrative Services

Increases:

- Δ \$10,969 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$3,227 for State Legislature mandated change in retirement rates
- Δ \$3,245 for Health Insurance Premium adjustments

Election:

- Δ -\$77,000 for election processing costs not needed in FY2015

Community and Economic Development

Planning

Increases:

- Δ \$8,949 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$2,458 for State Legislature mandated change in retirement rates
- Δ \$2,820 for Health Insurance Premium adjustments

Economic Development

- Δ No changes in this budget

City Engineering

Increases:

- Δ \$25,000 for geological engineering

Highways and Public Improvements

Public Works

Increases:

- Δ \$9,929 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$2,441 for State Legislature mandated change in retirement rates
- Δ \$2,171 for Health Insurance Premium adjustments
- Δ \$15,000 for miscellaneous park repair and maintenance
- Δ \$7,000 for light and power line item change
- Δ \$18,750 for water line item change
- Δ \$224,000 for road salt
- Δ \$35,000 for replacement of a pickup truck

Decreases:

- Δ -\$103,133 for miscellaneous line item changes, \$90,000 shifted to Class C

Class C Roads

Increases:

- Δ \$90,000 for road maintenance line item changes

Public Safety

Ordinance Enforcement

Increases:

- Δ \$3,994 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$575 for State Legislature mandated change in retirement rates
- Δ \$1,260 for Health Insurance Premium adjustments

Decreases:

- Δ -\$5,000 for gasoline and oil line item changes

Fire

Increases:

- Δ \$151,191 for contractual adjustment with United Fire Authority

Decreases:

- Δ -\$55,000 for E911 services all related to E911 revenue decrease

Police

Increases:

- Δ \$109,020 for 1.5% (COLA) and 1.44% merit based general increase and associated benefits
- Δ \$3,317 for State Legislature mandated change in retirement rates
- Δ \$28,017 for Health Insurance Premium adjustments
- Δ \$15,720 for contractual adjustment for City Hall rent
- Δ \$5,000 for dispatching services contract alignment to budget
- Δ \$3,000 for property and liability insurance
- Δ \$12,000 for telephone/communications line item
- Δ \$5,000 for Uniform line item
- Δ \$12,000 for ammunition line item

Decreases:

- Δ -\$50,000 for gasoline and oil line item changes

DEBT SERVICE/LEASE EXPENSE /TRANSFERS AND OTHER EXPENDITURE BUDGET CHANGES

Police Vehicle Lease

Increases:

- Δ \$16,553 for adjustment for debt service payment line item change

Transfers

Increases:

- Δ \$453,111 for transfer to Debt Service Fund for half year debt payment on the City Municipal Center

Decreases:

- Δ -\$68,799 Class C fund balance transfer to Capital Projects Fund
- Δ -\$694,860 General Fund transfer to Capital Projects Fund

CAPITAL PROJECTS FUND EXPENDITURES

There are two very specific long term planning processes providing information for the development of the capital expenditures included in this budget. In February, 2006, the City Council formally

adopted the city's current Transportation Capital Facilities and Storm Water Capital Facilities Plans. These plans reflect the outcomes of studies conducted by independent engineers, of the City's existing transportation and storm water infrastructure and their recommendations regarding needed maintenance and improvements.

The Transportation Plan evaluated the condition and identified the need for improvements to all facets of transportation infrastructure including streets, sidewalks, street lights, bridges, pavement management, and related rehabilitation. This plan classified needed improvements into two categories: 1) those recommended in FY2007 through FY2010 and 2) those recommended in FY2011 through FY2030. To accomplish this plan the city would need to budget \$1.5 to \$1.75 million each year for the first five years following the plans adoption. Projected costs beyond five years were too uncertain to be useful. There is \$961,926 of Transportation Plan projects in the FY2015 Capital Project Fund budget.

The Storm Water Plan identified and classified recommended capital projects into three categories; 1) those recommended in FY2007 through FY2011 and; 2) those recommended in FY2012 through FY2016; and 3) those not needed within ten years, but should be planned long range. To accomplish this plan the City would need to budget \$550,000 to \$700,000 each year for the ten years. There is \$25,000 of Storm Water Plan projects in the FY2015 Capital Project Fund budget.

In addition to the \$986,926 of transportation and storm water projects mentioned previously, \$30,000 is budgeted to complete the Brown Sanford Inventory and Assessment

The General Fund will purchase small equipment and software, none of which is capitalized according to the city's capitalization policy. The Capital Project Fund projects are listed starting on page 221 and all of these projects are anticipated to have a one year timeline, meaning that they are all scheduled to be completed within one year. All of these projects budgeted in FY2015 are routine and none of them will impact operating expenditures in any material way. The city has no non-routine capital projects for FY2015. Some of these budgeted "projects" are activities conducted through the year such as "Pavement Management Program" where the budget is used throughout the year to overlay roads within the city.

FUND BALANCES

Utah Code Section 10-6-116 restricts the General Fund Balance from being used as a source to finance future expenditures unless the balance exceeds 5% of current (FY2013) total revenue. General Fund Balance may be accumulated until it exceeds 25% of total revenue and then the amount in excess of 25% must be appropriated to finance expenditures. City financial policy (**Fund Balance Policy**) provided for the city to accumulate the fund balance over several years until it reached 6% of total revenue and to use any fund balance in excess of 6% to finance future expenditures. At the end of FY2013 the 6% fund balance was equal to \$899,412. The FY2015 budget anticipates appropriating \$965,090 of the estimated available fund balance above the FY2014 6% fund balance reserve level.

In the Capital Projects Fund any unspent appropriations lapse into the ending fund balance and are again budgeted in the succeeding year to complete projects. The FY2015 Capital Projects Fund budget includes \$3,653,822 of reappropriated fund balance.

EMPLOYEE BENEFITS FUND

Personnel policies allow employees to accrue amounts of paid time off (PTO) a proportion of which will eventually vest and be paid to the employee upon retirement or separation from employment.



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

OPERATING & CAPITAL BUDGET

The city council desires to accumulate a fund as these benefits are earned by employees that will assure that there are funds available to satisfy this accrued obligation when it is due. Accordingly there has been created an Employee Benefits Fund (an Internal Service Fund) to which the General Fund will make payments as the PTO is accrued each year. This Employee Benefits Fund will accumulate the funds necessary to pay the PTO obligation when it is due. Included in this document is a budget for the Employee Benefits Fund. Utah law does not require that this budget be formally adopted.



***DEPARTMENTS,
DIVISIONS &
PROGRAMS***

